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December 04, 2007

Legend

FP =

USP =

USS1 =

USS2 =

USS3 =

FS1 =

FS2 =

Business =

Country A =

Country B =

Country C =

State A =

State B =

State C =

Date =

a% =

b% =

c% =

d% =

e% =

f% =

g% =

N1 =

N2 =

N3 =

Dear :

This letter responds to your June 5, 2007 request for rulings on certain federal income tax consequences of the Proposed Transactions (defined below). Additional information was submitted in letters dated July 11, August 6, October 9, November 16 and November 29, 2007. The material information provided for consideration is summarized below.

Summary of Facts

FP, a Country A corporation, through its subsidiaries is engaged in Business. USP, a State A corporation, is an indirect, wholly owned subsidiary of FP, and the

common parent of a consolidated group, as defined in Treas. Reg. Section 1.1502-1(h) (the "Consolidated Group"). USS1, a State B corporation, is an indirect, wholly owned subsidiary of USP, and a member of the Consolidated Group. USS2, a State B corporation, is an indirect, wholly owned subsidiary of USS1, and a member of the Consolidated Group. USS3, a State C corporation, is an indirect, wholly owned subsidiary of USP, and a member of the Consolidated Group.

FS1, a Country B company, was formed to facilitate the investment by FP and its affiliates in Country C. FS1 has not made any entity classification election under Treas. Reg. Section 301.7701-3 to be taxed other than in accordance with its default classification, which is as a corporation.

The share capital of FS1 is divided into five classes of "Participating Shares," three of which are currently outstanding (the "Class A Participating Shares," "Class C Participating Shares," and "Class E Participating Shares"), and one class of "Management Shares."

The Class A Participating Shares represent approximately a% of the value and b% of the voting power of all Participating Shares. Prior to the transactions described below, approximately c% of the outstanding Class A Participating Shares were owned by members of the Consolidated Group. The remainder of the Class A Participating Shares were owned by foreign subsidiaries of FP.

The Class C Participating Shares represent approximately d% of the value and e% of the voting power of all Participating Shares. Prior to the transactions described below, all of the outstanding Class C Participating Shares were owned by USS3.

The Class E Participating Shares represent approximately f% of the value and g% of the voting power of all Participating Shares. Throughout the transactions described below, all of the outstanding Class E Participating Shares were owned by FP's pension plan.

The Management Shares have limited rights to distributions and upon liquidation, and have little value. Throughout the transactions described below, all of the Management Shares were owned by FS2, a wholly owned Country A subsidiary of FP.

On or about Date, USS2 distributed approximately N1 Class A Participating Shares to USS1, its indirect parent. At the time of this distribution, the adjusted basis of the distributed Class A Participating Shares in the hands of USS2 exceeded their fair market value.

Proposed Transactions

USP now proposes that the following steps be undertaken (the "Proposed Transactions"):

Step 1. As soon as practical, USS1 will sell to FP all of the Class A Participating Shares it previously received from USS2 in exchange for a note (the "Note") issued by FP. Simultaneously, USS3 will sell approximately N2 Class C

Participating Shares to FP in exchange for approximately \$N3 in cash. Subsequently, USS1 will distribute the Note to USP as a dividend.

Step 2. Shortly thereafter, the board of directors of FS1 will adopt, and the shareholders of FS1 will approve, a resolution providing for the complete liquidation of FS1 ("the Resolution"). It is intended that the Resolution constitute a "plan of complete liquidation" for purposes of Section 331.

Step 3. Shortly after Step 2, FS1 will file an election (the "CTB Election") pursuant to Treas. Reg. Section 301.7701-3 to be treated as a partnership for all U.S. federal income tax purposes. Such election will be effective as of the day after the date the Resolution described in Step 2 is adopted and approved.

Representations

USP has made the following representations with respect to the Proposed Transactions:

a. Upon the adoption of the Resolution, and at all times thereafter through the effective date of the CTB Election, the members of the Consolidated Group will own less than 80 percent of the voting power and value of all classes of outstanding FS1 stock on an aggregate basis, and less than 80 percent of the voting power and value of each class of Participating Shares.

b. FS1 is not an entity described in Treas. Reg. Section 301.7701-2(b)(8) and is not subject to the limitation in Treas. Reg. Section 301.7701-3(c)(1)(iv).

c. There is no plan or intention to cause FS1 to make a subsequent election under Treas. Reg. Section 301.7701-3 to be reclassified as an association taxable as a corporation for federal income tax purposes following the CTB Election, nor is there any plan or intention on the part of FS1 or any of its equity owners to transfer, following the effective time of the CTB Election, any asset of, or equity interest in, FS1 to another entity classified as a corporation for federal income tax purposes, in which holders of equity interests in FS1 would own 20 percent or more of the voting power or value of the outstanding stock of such corporate transferee.

d. The fair market value and issue price of the Note issued by FP in exchange for USS1's Class A Participating Shares in Step 1, and the amount of cash paid by FP to USS3 in exchange for USS3's Class C Participating Shares in Step 1, will in each case equal the fair market value on the date of purchase of such Class A Participating Shares and Class C Participating Shares.

e. The fair market value of the property held by FS1 at the effective time of the CTB Election will exceed the aggregate amount of FS1's liabilities.

f. All of FS1's liabilities were incurred in the ordinary course of its business.

g. FS1 is not an organization that is exempt from federal income tax under Section 501.

h. There is no indebtedness existing between FS1 and any of its shareholders that was or will be issued, acquired or settled at a discount.

i. Except for cash contributed to FS1 in exchange for Participating Shares, no property will have been contributed to FS1 during the 5-year period ending on the effective date of the CTB Election, and no property will have been contributed to FS1 as part of a plan a principal purpose of which is to recognize a loss by FS1 with respect to such property in connection with its complete liquidation.

j. FS1 is a public company limited by shares and established as a multi-class umbrella fund, and has represented that it is not a Protected Cell Company under Country B law. As a result, under Country B law, the assets of each portfolio are available to satisfy the claims of creditors of the other portfolios.

Rulings

Based solely on the information submitted and on the representations set forth above, we hold:

1. The sale of Class A Participating Shares by USS1 to FP is governed by Section 1001 and not by Section 304 or Section 301. Thus, USS1 will recognize gain or loss in an amount equal to the difference between the issue price of the Note and USS1's basis in the Class A Participating Shares exchanged, and FP's adjusted basis in such Class A Participating Shares will equal the issue price of the Note.

2. The sale of Class C Participating Shares by USS3 to FP is governed by Section 1001 and not by Section 304 or Section 301. Thus, USS3 will recognize gain or loss in an amount equal to the difference between the amount of cash received by USS3 and USS3's basis in the Class C Participating Shares exchanged, and FP's adjusted basis in such Class C Participating Shares will equal the amount of cash paid therefor.

3. FS1 will be deemed to liquidate immediately before the close of the day before the day the CTB Election is effective, pursuant to the Resolution adopted in Step 2. (Treas. Reg. Section 301.7701-3(g)(3)(i)). As a result, FS1 will be treated as distributing all of its assets and liabilities to its shareholders in the liquidation, and immediately thereafter, the FS1 shareholders will be treated as contributing all of the distributed assets and liabilities to a newly formed partnership. (Treas. Reg. Section 301.7701-3(g)(1)(ii)).

4. The deemed liquidation of FS1 will be governed by Section 331 and not by Section 332. Each FS1 shareholder will recognize gain or loss in its FS1 shares in an amount equal to the difference between the fair market value of the property treated as distributed to such shareholder in the deemed liquidation and such shareholder's adjusted basis in its FS1 shares.

5. Any loss recognized by an FS1 shareholder under Section 331 in connection with the complete liquidation of FS1 will not be deferred under Section 267(f)(2). (Section 267(a)(1)).

6. Any loss recognized by USS2 upon the distribution of FS1 shares to USS1 (Treas. Reg. Section 1.1502-13(f)(2)(iii)) and any loss recognized by USS1 upon the sale of such shares to FP that in either case is deferred pursuant to Section 267(f) or Treas. Reg. Section 1.1502-13 will be recognized no later than the date FS1 is deemed to liquidate.

7. Gain or loss will be recognized by FS1 in connection with the distribution of its property in complete liquidation in an amount equal to the difference between the fair market value of such property on the date of distribution (or, if greater, the amount of any FS1 liabilities to which the property is subject) and its adjusted basis on such date. (Section 336(a) and (b)).

8. Any loss recognized by FS1 under Section 336(a) will not be deferred under Section 267(f). (Section 267(a)(1)).

9. The adjusted basis of FS1 non-cash property treated as received by each FS1 shareholder pursuant to the deemed liquidation will equal the fair market value of such property on the date of such distribution. (Section 334(a)).

Caveats

We express no opinion about the tax treatment of the Proposed Transactions under other provisions of the Code and regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transactions that are not specifically covered by the above rulings. In particular, we express no opinion as to the actual amount of basis the shareholders of FS1 have in their stock, or the amount of any loss that would be recognized as a result of the Proposed Transactions.

Procedural Statements

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

This ruling letter is directed only to the taxpayers who requested it and applies only to the facts of the Proposed Transactions. Section 6110(k)(3) provides that it may not be used or cited as precedent.

A copy of this ruling letter must be attached to the federal income tax return of each taxpayer involved in the Proposed Transactions for the taxable year in which the Proposed Transactions are completed.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,

Alfred C. Bishop
Branch Chief, Branch 6
Office of Associate Chief Counsel,
(Corporate)